

Presentation by Alfred Martin, City of Hagerstown,
Maryland Municipal League Conference, June 2003

Maryland Municipal League Conference

Municipal Double Taxation
What It Is and How to Deal
With It
Practical Ideas and Strategies

What Is Municipal Double Taxation? Why Does It Exist?

- Counties and Municipalities Share the Same Tax Base in Maryland
- Counties Providing the Same Municipal Type Services As Municipalities
- The Role of County Government in Providing Urban Type Services is Growing
- Municipal Corporate Boundaries Do Not Reflect Current Urban Service Areas

The Role of Municipalities and Counties in Providing Services- Examples of Countywide Services Generally Not Performed by Municipalities

- Education
- Judicial Services & Jails
- Libraries
- Health Department Services
- Landfills

Examples of Major Governmental
Services Performed by Municipalities
That May Result in Tax Differentials

- Police Services
- Highways and Streets
- Sanitation and Waste Collection
- Planning and Zoning
- Parks and Recreation

Current Municipal Tax Set-Offs in
Maryland

- 16 of 23 counties had municipal tax set-offs for their municipalities in fiscal 2002
- Howard County does not have any municipalities
- 6 counties chose not to establish tax set-offs: Baltimore, Kent, Queen Anne's, Somerset, Wicomico, and Worcester

Two Methods of Tax Set-offs or
Differentials

- Tax Rate Differentials
- Tax Rebates
- Some Counties Do Both

Counties With Rate Differentials
in 2002 (\$17.6 Million in Rate Differentials)

- Anne Arundel
- Calvert
- Caroline
- Charles
- Garrett
- Hartford
- Talbot

Counties With Tax Rebates in 2002
(\$10.5 Million in Municipal Rebates)

- Carroll
- Cecil
- Dorchester
- Frederick
- Montgomery
- St. Mary's
- Washington

Two Counties Do Both

- Prince Georges County provided \$11.6 million in both tax rebates and differentials to its municipalities
- Allegany County provided tax differentials to 5 of its 6 municipalities totaling \$482,075 and a tax rebate to the City of Cumberland of \$582,221

2002 Report on County-Municipal Tax Differentials

- Joint Resolution 31 of 1978 requires an annual Prepared annually by Maryland Department of Legislative Services Office of Policy Analysis
- review of tax set-off systems
- Report is available from MD Legislative Services at 1-800-492-7122 or from Jim Peck at MML
- Report is a good source of information to compare what is going on with your county

Key Things To Know and Understand

- Know the legal basis for the tax differential in your County
- Understand how the differential is calculated
- Track the history of your differential from year to year
- Review the calculations supporting the differential
- Make sure the trends and changes from year to year make sense

Find Out What Others Are Doing

- What made sense 5, 10 or 20 years ago may not be as valid or relevant now
- Has your role or the county's role in providing municipal services changed ?
- Were there or are there issues or limitations in your current formula that don't seem fair or equitable ?
- How do your tax differential amounts compare to others?

Consider A Review of Your Tax Differential
Formula and Perhaps Negotiations With
Your County

- There are always different perspectives on
issues and different opinions
- If your one of many municipalities in your
County it's important to work together
- A unified voice and approach improves
one's position of strength in negotiations
- It's not generally easy
- It's not generally quick

Thank You

For Additional Information Contact:

Alfred E. Martin, Director of Finance
City of Hagerstown
Room 403, 1 E Franklin Street
Hagerstown, MD 21740

Phone: 301-739-8577 Ext 160

E-mail: aem01@hagerstownmd.org
